DISTRIBUTION

FOR TRAFFIC & TRANSPORTATION DECISION MAKERS

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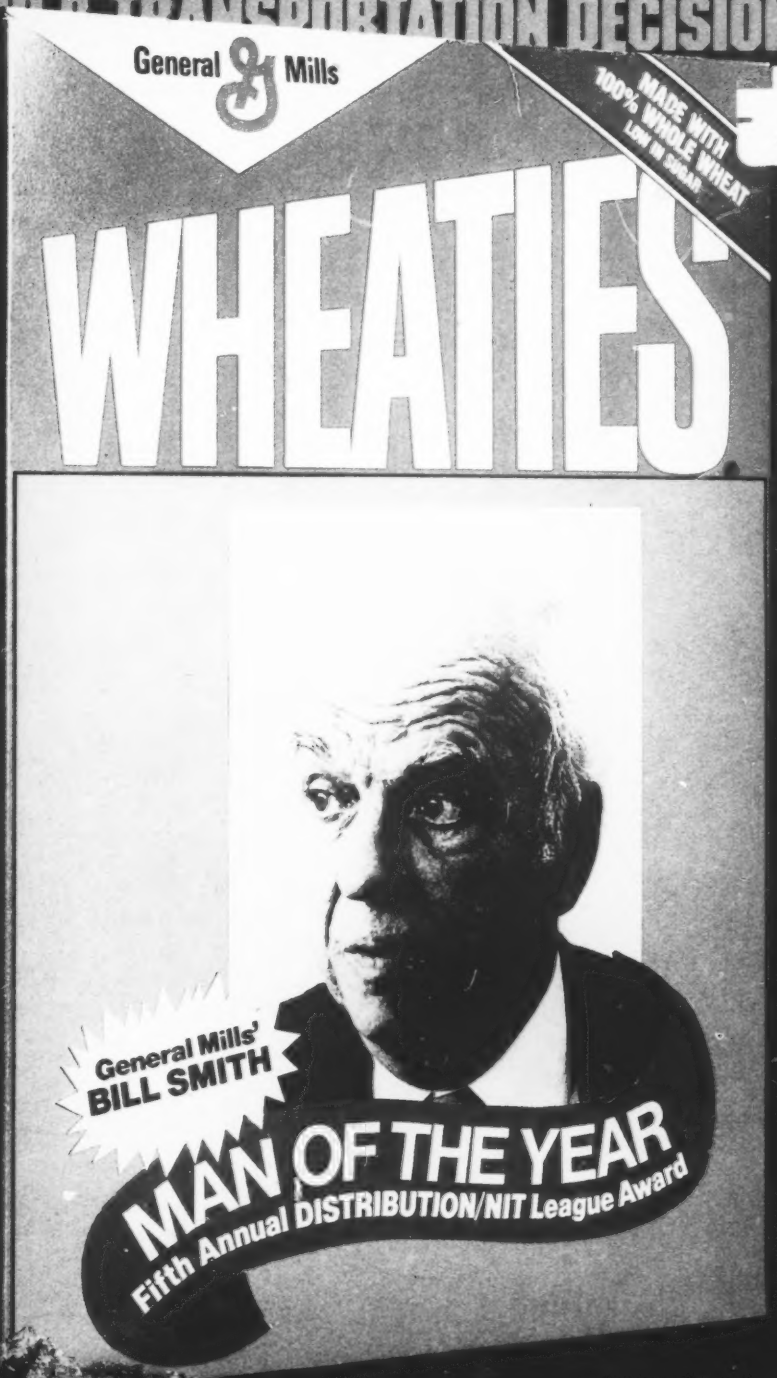

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FROM PRIVATE WAREHOUSE TO DISTRIBUTION SUPERMARKET

FRANKFURT: EUROPE'S FREIGHTPORT

Chilton's
DISTRIBUTION
VOL. 83 NO. 1 JANUARY 1984
ESTABLISHED 1901

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DIALOGUE

In October, we asked if your company was becoming more involved in international trade, and if so, how and why. The vast majority of you said yes, your companies are becoming more international. Listed below is a sampling of the hows and whys:

"National and international activity has increased recently, thus increasing the demand for our products. A key is keeping our transportation costs down . . . of course!"—**Dennis Weber, traffic manager, Interstate Brick Co., West Jordan, Utah.**

"A strong dollar hurts our exporting. However, we do see relief beginning in Western Europe at this time."—**J. Siekis, senior buyer, Jet Spray Corp., Norwood, Mass.**

"We're more involved because of direct exports and because we're part of an export group. With the growth of our product line, it makes good business sense."—**Noel B. Strock, manager-export services, Occidental Chemical Corp., Niagara Falls, N.Y.**

"As a manufacturer of heavy-duty batteries, our product is unmatched overseas, and is in demand especially in the marine industry. Overall distribution expansion will aid exports."—**Surrette Battery Co., Inc., Salem, Mass.**

"The greatest potential is for expansion of sales."—**L.N. Sutton, distribution manager, McCulloch Corp., Lake Havasu City, Ariz.**

"We're trying to open up new foreign markets because of an excess of raw materials that can now be sold rather than stored for long periods."—**John Schiro, traffic and distribution manager, Ventura, Calif.**

"The oil price drop has affected our markets in South America and the Middle East. Also, some degree of saturation of markets was expected for our products. It would be purely speculative to predict international expansion at this time."—**Richard A. Cooper, export manager, Spectronics Corp., Westbury, N.Y.**

"Our exports would have been much higher this year if our customers and their countries would have had more ability to pay. South America is a disaster area."—**John W. Borman, international distribution and domestic traffic manager, McCord Gasket Division, Ex-Cell-O Corp., Wauseon, Oh.**

"Our company should be doing more as long as our overseas customers need to supplement their existing computer systems."--

continued on page 8

QUESTION OF THE MONTH

In recent months, there have been various proposals to change the way hazardous materials are shipped. Some of these proposals will never see the light of day; others will. Our questions this month address those proposals that have been most widely discussed and that, in our opinion, stand the best chance of to gaining ground.

No one, to our knowledge, has attempted to survey as large an audience as the *DISTRIBUTION* readership on the value of these proposals. So, we're going to. This survey gives you an opportunity to participate in some of these national discussions.

From these survey results, we'll be able to tell you how other shippers regard these proposals. They may even suggest some that no one has thought of yet. And, we'll learn a little bit about their shipping practices.

But secondly, and more importantly, we'll publicize the results in this magazine so that our national leaders can see them.

So, please help us. Fill out the reader service card below. Your vote and your opinion do count.

And, if you would like to be heard from more often, fill in your name and mailing address so we can survey you directly. Replies are strictly confidential.

DIALOGUE

- Rate these proposals, from one to four, in order of their importance to you, with one being the most important and four the least important:
  ____new national legislation that clearly separates federal, state and local government responsibilities;
  ____a national goal of acceptable risk against which the success of a regulatory program can be measured;
  ____new legislation that strengthens the federal government's preemption rights;
  ____development of a national standard and federal funding for local law enforcement training
- Do you believe a DOT-appointed Advisory Committee will be able to resolve national regulatory issues? ____yes ____no
- Should the DOT adopt the United Nations performance standards for hazardous materials packagings? ____fully; ____partially; ____not at all
- Are shippers' views on hazardous materials issues heard and responded to by federal and state regulators? ____yes ____no
- What industry group is most effective in representing your interests?
  _____
- In your opinion, has federal enforcement (or state enforcement of federal standards) in the past year been: ____tougher ____less stringent ____unchanged?
- In which states do you face the most problems when transporting hazardous materials or wastes? _____
- Do you ever violate, either knowingly or unknowingly, federal or state hazardous materials regulations? ____yes; ____no.

Here's what I think about the overall regulation of hazardous materials movement in this country:

_____

_____

_____

_____

_____

OPTIONAL:

_____

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Richard T. Foley Jr., export traffic manager, Dataram Corp., Cranberry, N.J.

"We are a foreign-owned corporation. International activity, both inbound and outbound, is part of our business, and the more the better. Our associations with our counterparts in Europe have been and are excellent."—**R.A. Christman, director of customer and distribution services, Mobay Chemical Corp., Pittsburgh.**

"We will be more involved. By providing a service for our customers and exporting their products, we produce."—**Donald Vastlik, distribution superintendent, W.F. Hall, Corinth, Miss.**

"We are dramatically increasing export sales of public utility stations. We have reorganized our international division to increase sales overseas."—**J. Robert Morton, vice president corporate transportation and distribution, Combustion Engineering, Inc., Stamford, Conn.**

"More involved. We are the manufacturer of a unique electronic system. Requests from Europe began this year."—**Neal Anstadt, director of sales, Data Cards, Santa Ana, Calif.**

"More involved. We need business."—**H. Fitzgerald, marketing services manager, Zero Manufacturing Co., Washington, Mo.**

"We're going to become more involved. How? Through more aggressive sales and marketing activities in export markets, plus more currency-sensitive pricing. Why? To balance our business mix betweem domestic and international and to maximize profits overall."—**Unsigned.**

INTERNATIONAL DISTRIBUTION

International distribution reports to top management	52%
Reports to domestic PDM	29%
International is part of the department that handles domestic	55%
International is part of marketing	23%
The title of the person running international is manager	58%
The title is director or other like coordinator	34%
My company is involved in exporting	90%
It is involved in importing	71%
The worldwide recession has impacted exporting most	45%
The strong dollar has had the most impact	35%
Protectionism has had only a small impact on foreign trade	41%
It has had no impact on our foreign trade	31%

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FEBRUARY 1984

DISTRIBUTION

FOR TRAFFIC & TRANSPORTATION DECISION MAKERS

ON THE ROAD TO CHINA

G-150-1 2/24/84

MOVING AHEAD IN THE COMPUTER AGE

1984 GUIDE TO SYSTEMS, SERVICES & VENDORS

MS SUSAN GARNER
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Chilton's
DISTRIBUTION
VOL. 83, NO. 2 FEBRUARY 1984
ESTABLISHED 1901

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63 1984 GUIDE TO COMPUTER SOFTWARE, SYSTEMS, SERVICES AND VENDORS
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Following in the footsteps of Marco Polo and Pearl Buck, we provide a distribution-exec's-camera's-eye view of the giant of the Orient.

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Moving food products isn't always a piece of cake. It takes the right mix of planning and execution, and the touch of a connoisseur, to make it work.

60 WHERE TO GET OFF . . .
DISTRIBUTION helps you plan your busy schedule, pick the meetings that you can't miss, and find some that you may have missed, with this full-page, pull-out calendar that lists this spring's most useful industry meetings.

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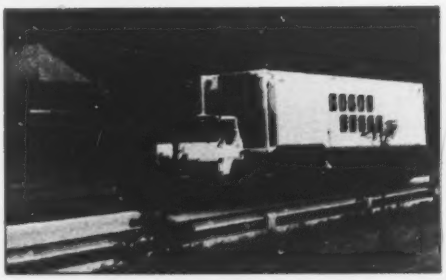

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DIALOGUE

In November, we asked for what you think is the best measure of how well your department performs in trying to meet corporate objectives. Here is a sampling of the many gauges you offered:

"The best measure is our control of the ratio of freight expense to sales."—**Jill Faller, supervisor domestic transportation, Pitney Bowes, Newtown, Conn.**

"Transportation costs as a percentage of material purchased."—**A. F. Clark, material transportation, Trailer Train Co., Chicago.**

"Measure the unit freight cost and record unit cost change to each specific shipping point in the transportation area. In warehousing, establish the labor cost per unit."—**Jerry Zettek, warehouse and shipping manager, J. L. Prescott, South Holland, Ill.**

"We are measured by the service we provide to our customers. No amount of cost savings compensate for poor service. We exist to supply our products to our customers, not to have the lowest distribution costs in our industry. Our profits come from the sales of our product line!"—**Unsigned.**

"Holding transportation cost per pound to a constant level while improving service to our customers allows them to carry less inventory and increase sales turnover."—**James Paule, traffic manager, Spangler Candy Co., Bryan, Oh.**

"Our report shows cash revenue generated by savings of transportation operations versus department costs. This shows how many dollars we put on the corporation's bottom line."—**J. V. Shirley, transportation manager, Phillips Fiber Corp., Startex, S.C.**

"Fast and reliable service at reasonable costs. Too cheap and your freight is delayed; too expensive is not always fastest or best."—**J. R. Johnson, traffic manager, Wieboldt's, Des Plaines, Ill.**

"Average distribution cost per unit versus budget committed to. Average raw materials costs versus budget committed to."—**W. Harkelroad, vice president of material management, Church & Dwight Co., Inc., Piscataway, N.J.**

"The best measure is total transportation, warehousing and inventory cost per hundredweight and as a percent of sales."—**S. H. Lloyd, general traffic manager, Gorton Group, Gloucester, Mass.**

"The best measure is cost as a percentage of sales. However, regional promos can skew performance figures."—**D. J. Duncan Jr., distribution manager, Rayovac Corp., Hayward, Calif.**

continued

QUESTION OF THE MONTH

Teamsters Union President Jackie Presser just took it on the chin from his rank and file. Presser was making wage and benefit concessions designed to help troubled unionized trucking companies reopen and expand their operations when the membership overwhelmingly said "No" to any more "erosion" of the National Master Freight Agreement.

Presser isn't the only transportation union leader in such a bind. Carriers in other modes are also fighting the high cost of labor and a deluge of independent competition, and up to now it's been largely a losing battle for them.

The long-range solution for union leaders such as Presser is to find a way to shore up their traditional bases. This leads to intriguing possibilities with regard to white-collar, high-tech and other employee segments of the transportation industry.

Is it too far-fetched to envision data processors or rate clerks organizing under the banner of an organization like the Teamsters?

The fortunes of transportation labor now have an indirect effect on shippers, who must keep an eye out for potential service disruptions and productivity shifts. Tell us what you see developing on the card below.

DIALOGUE

Will you or your company be negotiating with a transportation union this year? ____Yes; ____No

Are you less concerned with union demands and disruptions since the modes were deregulated? ____Yes; ____No

Of the following, which one area do you feel is of greatest concern to unions? (check ONE only) ____Wages; ____Wage and benefit concessions; ____Job security; ____Other:_____

For which transportation labor segment is the outlook bleakest? (pick one) ____Teamsters ____Longshoremen ____Rail unions ____Airline workers ____Independent truckers

As the old bases for unions deteriorate, are you prepared for white-collar transportation unions? ____Yes; ____No; ____Don't know.

Can you see union activity shifting to service and high-tech areas such as data processing or junior members of the traffic department's staff? ____Yes; ____No; ____Don't know

In the space on the right, tell us how you stand to be affected by the changing face of organized transportation labor.

Here's what I think about the overall regulation of hazardous materials movement in this country:

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Operating Vice President/Transportation Logistics, Federated Department Stores, Inc.

ROBERT VIDRICK
Director of Corporate Transportation, Robertshaw Controls Co.

"Increases in sales which result from innovative transportation."—**Larry P. Girven, general traffic manager, Cargill, Inc., Minneapolis.**

"Working closely with carriers to secure best rates, timely pickups and quality equipment."—**Lee Heidhues, traffic manager, PC International Best Foods, San Francisco.**

"The best measure is meeting budget goals while improving sales through service."—**Philip Bong, account executive, Carolina Corp., Belleville, Mich.**

"The best measure is as a profit center based on savings of freight dollars. That is, every dollar saved is a dollar of profit on the company's bottom line.—**R. J. Marshall, traffic manager, Duraco Products, Inc., Streamwood, Ill.**

"The best measurement is improvement in corporate profits coupled with increases in sales' market share, plus reductions in physical distribution costs."—**H. H. Plaut, general traffic manager, Fertilizer MT, International Mineral & Chemical Corp., Mundelein, Ill.**

"We use three measures: (1) cost per hundredweight shipped, year to year; (2) return on investment as it relates to inventory; (3) cost per unit sold, year to year."—**T. J. Kilmurray, director of distribution, Electrolux, 3003 Summer St., Stamford, Conn.**

"Our corporate objectives for the transportation department are a reasonable and acceptable degree of profitability, accompanied with a high degree of service to our customers. No matter how efficient and effective we say our department is, the bottom-line indicator of our total performance is profitability and a satisfied customer."—**Dennis Webber, traffic manager, Interstate Brick Co., West Jordan, Ut.**

GETTING A FULL MEASURE

My department is viewed as a cost center	52%
As both a cost and profit center	26%
As a profit center	11%
Percent of sales is the most important cost measure	43%
Costs to budget is the most important measure	26%
Best profit measure is customer service level	11%
Best profit measure is return on investment	9%
We regularly report profits or savings	76%
We're measured by increased sales through service	41%
We're not measured that way	57%

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MARCH 1994

FOR TRAFFIC & TRANSPORTATION DECISION MAKERS

DO MEGACARRIERS HAVE YOU COVERED —OR SMOTHERED?

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THE WHOS, WHATS AND WHERES OF BROKERING
SUPERMARKET STRATEGIES: THE BOXCAR'S NEW ROLE
EXPANDED DISTRIBUTION FORECAST

Chilton's
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ESTABLISHED 1901

VOL. 83, NO. 3 MARCH 1984

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America's love/hate relationship with all-in-one products now includes the multimodal transportation companies that are sprouting and spreading across the nation's freight fields. Are all-in-one "supercarriers" a useful tool for shippers, or just another marketing gimmick?

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More on megacarriers

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DIALOGUE

In December, we asked you about "supercarriers," and you were willing to concede some benefits in dealing with mega-transportation companies. But you also voiced concerns. Here is a sampling of what you had to say about supercarrier benefits and drawbacks:

"Service is vital to our product line. I need a close working relationship with my carriers. I don't feel that I receive that from 'supercarriers.' They may have given me a lot to choose from, but they still don't have my confidence."**—Kerry Glassman, traffic manager, Kent Co., Elkhart, Ind.**

"Even domestically, a true supercarrier offers LTL service, pool distribution, consolidations, truckload service and even air freight. The primary advantage is the reduction in the number of carriers needed to serve my plant."**—James J. Paule, traffic manager, Spangler Candy Co., Bryan, Oh.**

"Supercarrier service is beneficial to the shipper only in the sense that contract language is constant. Specific services still need to be negotiated on a lane-by-lane or commodity-by-commodity basis. This requires the supercarrier to be an aggregate of companies, and the shipper has to deal with several of the divisions."**—Thomas R. Hart, manager-traffic, Burroughs Corp., Wayne, Mich.**

"Senior managements generally do not have the capacity to manage a business that is all things to all people."**—Unsigned.**

"Supercarriers will be great (maybe) for a large shipper. The small or medium shipper will suffer from lack of purchasing power."**—Dan Wise, transportation manager, Henry Birks, Minneapolis.**

"Supercarriers, by size alone, do give standardized services, but there is also loss of personal contact, inflexibility and a bureaucratic philosophy. Innovations in transportation have, in the past, come from the small and more flexible carriers."**—T.D. Chamberlain, vice president, Lomanco, Inc., Portland, Ore.**

"Supercarriers = monopoly = captive shippers losing all around!"**—H.H. Plaut, general traffic manager, International Minerals & Chemical Corp., Mundelein, Ill.**

"I would like this option if it is service- and cost-effective. A supercarrier must really operate as a timely, integrated system to give any synergistic benefits to shippers."**—Dave Yeley, manager-transportation and distribution, Cosco, Inc., Columbus, Ia.**

continued

QUESTION OF THE MONTH

Deregulation has meant major changes in the way you conduct your business, but it has also meant changes in the ways carriers conduct business with you. Loss-and-damage claims is perhaps the area that has exhibited this change most dramatically.

For example, with the deregulation of the airlines, air liability for your goods dropped from $9.00 a pound to 50¢. Then there's the matter of how carriers follow up on claims in a less-structured environment. Are they less likely to follow the ICC claim processing regulations (Ex Parte 263) that provide, among other things, for acknowledgement of the claim within 30 days, a "prompt and thorough"investigation, and either payment, declination or a "firm compromise settlement offer" within 120 days of its receipt?

Increased emphasis on long-term volume contracts have also colored the claims area. Have you, like many shippers, included reduced liability terms in these contracts? If so, what have the consequences been?

On the card at the bottom of this page, please fill us in on what you've been experiencing with regard to these and other claims-related questions that have surfaced in the deregulated era.

DIALOGUE

•Have you experienced more problems with truck liability and claims since deregulation? ____Yes ____No

•Have you experienced more problems with:
____LTL carriers ____T/L carriers ____Contract carriers

•Are carriers less likely to follow ICC (Ex Parte 263) claim processing regulations since deregulation? ____Yes ____No

•With which mode are you experiencing the most claims problems?
____Air ____Rail ____Truck ____Ocean

•Do varying air freight forwarder and airline claim time limits cause problems for you? ____Yes ____No

•Have you entered into reduced-liability long-term rail contracts?
____Yes ____No ____We are thinking about doing so

•Do you have a shippers' floater policy to cover domestic risks?
____Yes ____No ____We are contemplating obtaining one

•If you have a shippers' policy, have you increased coverage since deregulation? ____Yes ____No ____We are thinking about doing so

Currently, my biggest liability problem is:

_____

_____

_____

_____

_____

OPTIONAL:

_____

NAME (print) _____ TITLE _____

COMPANY _____ PHONE _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____